




## DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT  <b>SHIFTING GUIDELINES FOR LEGAL ENTITY AGREEMENT</b>	POLICY NO.  <b>800.07</b>	EFFECTIVE DATE <b>07/01/2011</b>	PAGE  <b>1 of 6</b>
APPROVED BY:  Director	SUPERSEDES  <b>400.09 07/01/2011</b>	ORIGINAL ISSUE DATE <b>07/01/2011</b>	DISTRIBUTION LEVEL(S) <b>1, 2</b>

### PURPOSE

- 1.1 To provide standard procedures to amend Los Angeles County – Department of Mental Health (LAC-DMH) Legal Entity (LE) Agreements for shifting of funds on the Financial Summary (Attachment 1) and the Subprogram Schedule (Attachment 2) while:
  - 1.1.1 Ensuring services to all groups of clients in need of mental health services in clinically appropriate programs are maintained as contractually agreed.
  - 1.1.2 Providing certain flexibility to address reasonable and normal fluctuation in client's beneficiary status and program enrollment.
  - 1.1.3 Supporting LAC-DMH's mission of ensuring access to services for all client populations and to the types of services and supports necessary to assist clients in achieving hope, wellness and recovery.

### BACKGROUND

- 2.1 In accordance with the Federal Certified Public Expenditure requirement (See Authority) and State's direction for the submission of Medi-Cal Claims, LAC-DMH revised the Financial Summary of the LE Agreement to provide additional flexibility addressing timely submission of Medi-Cal claims.
- 2.2 As a result, the Financial Summary consolidates several programs (known as Subprograms) and funding sources into Funded Programs and Funded Program Amounts.
- 2.3 This policy has been developed to provide a formal standardized process for Contractors to request revisions in the Funded Program and/or the Subprogram Amounts on the Financial Summary and/or Subprogram Schedule of the LE Agreement.



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### **DEFINITIONS**

- 3.1 **A Funded Program** is a set of services paid through a particular funding source for the benefit of a specific beneficiary (e.g., Medi-Cal/Healthy Families or Non-Medi-Cal/Non-Healthy Families). The Funded Program Amount is the basis for the provisional payment to the Contractor per Paragraph E of the Financial Exhibit A of LAC-DMH LE Agreement. A Funded Program is made up of one or more Subprograms.
- 3.2 **A Subprogram** is a set of services for a specific purpose. The Subprogram Amounts are allocated and/or awarded based on Contractors' areas of expertise and their ability to provide specific services and/or serve specific populations. The Subprogram Amounts will be used to monitor the provision of mental health services within the Funded Program and will not be used at cost settlement.

### **POLICY**

- 4.1 Contractor may request, and County shall grant, a reallocation of up to fifteen percent (15%) of the County General Funds (CGF) included in the Financial Summary between Funded Programs and/or Subprograms and/or a reallocation of up to fifteen percent (15%) of the Mental Health Services Act (MHSA) funds included in the Financial Summary between Funded Programs and/or Subprograms, and a commensurate change in Contractor's responsibilities, as long as all of the following conditions are met:
- 4.1.1 The reallocation will not cause Contractor to exceed its Maximum Contract Amount (MCA);
  - 4.1.2 The reallocation will not increase CGF and/or MHSA funds required under this Agreement;
  - 4.1.3 The reallocation is for services provided on or after the effective date of the amendment;
  - 4.1.4 The reallocation does not result in the Contractor allocating funds to a Funded Program or Subprogram for which no dollars are originally allocated in the Agreement;



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- 4.1.5 Categorical funds (e.g., CalWORKs) are only used for the purpose for which they have been designated, and the reallocation is consistent with local, State and Federal law;
- 4.1.6 CGF are reallocated only within or between Funded Programs and/or Subprograms in which CGF are utilized to provide services (i.e., Juvenile Justice Program, Supportive and Therapeutic Options Program (STOP), LAC-DMH CGF Funded Programs, and certain Unique Programs); and
- 4.1.7 MHSA funds are reallocated only within or between Funded Programs and/or Subprograms within an MHSA Plan in which MHSA funds are utilized to provide services (e.g., Community Services and Supports, Prevention and Early Intervention, Workforce Education and Training, and Innovation Programs).
- 4.2 Contractor may request a reallocation of CGF included in the Financial Summary between Funded Programs and/or Subprograms and/or a reallocation of the MHSA funds included in the Financial Summary between Funded Programs and/or Subprograms to reflect program changes (e.g., adding/deleting programs, change in ongoing funding levels or client mix beyond a normal deviation) that may increase/decrease the Subprogram Amount and/or increase/decrease the Funded Program Amount, and increase MCA, as long as all of the following conditions are met:
  - 4.2.1 The reallocation will not increase CGF and/or MHSA funds required under this Agreement;
  - 4.2.2 Categorical funds (e.g., CalWORKs) are only used for the purpose for which they have been designated, and the reallocation is consistent with local, State and Federal law;
  - 4.2.3 CGF are reallocated only within or between Funded Programs and/or Subprograms in which CGF are utilized to provide services (i.e., Juvenile Justice Program (STOP), LAC-DMH CGF Funded Programs, and certain Unique Programs);
  - 4.2.4 MHSA funds are reallocated only within or between Funded Programs and/or Subprograms within an MHSA Plan (e.g., Community Services and Supports, Prevention and Early Intervention, Workforce Education and Training, and Innovations) in which MHSA funds are utilized to provide MHSA funded services;



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- 4.2.5 The reallocation is for services provided on or after the effective date of the amendment;
- 4.2.6 The addition of State and Federal leveraged dollars are subject to availability of appropriation in the LAC-DMH budget; and
- 4.2.7 The reallocation of funds are beneficial to the residents of the County and support the Contractor in addressing ongoing programmatic changes and/or one-time changes that do not have a significant negative consequence for residents of the County, for LAC-DMH, or for the County of Los Angeles.
- 4.3 Contractor may request a reallocation of over fifteen percent (15%) of CGF included in the Financial Summary between Funded Programs and/or Subprograms and/or a reallocation of the MHSA funds included in the Financial Summary between Funded Programs and/or Subprograms to reflect program changes (e.g., adding/deleting programs, change in ongoing funding levels or client mix beyond a normal deviation) that may increase/decrease the Subprogram Amount and/or increase/decrease the Funded Program Amount, and decrease MCA, so long as all of the following conditions are met:
  - 4.3.1 The reallocation will not increase CGF and/or MHSA funds required under this Agreement;
  - 4.3.2 Categorical funds (e.g., CalWORKs) are only used for the purpose for which they have been designated, and the reallocation is consistent with local, State and Federal law;
  - 4.3.3 CGF are reallocated only within or between Funded Programs and/or Subprograms in which CGF are utilized to provide services (i.e., Juvenile Justice Program (STOP), LAC-DMH CGF Funded Programs, and certain Unique Programs);
  - 4.3.4 MHSA funds are reallocated only within or between Funded Programs and/or Subprograms within an MHSA Plan (e.g., Community Services and Supports, Prevention and Early Intervention, Workforce Education and Training, and Innovations) in which MHSA funds are utilized to provide MHSA funded services;



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- 4.3.5 The reallocation is for services provided on or after the effective date of the amendment; and
- 4.3.6 The reallocation of funds are beneficial to the residents of the County and support the Contractor in addressing ongoing programmatic changes and/or one-time changes that do not have a significant negative consequence for residents of the County, for LAC-DMH, or for the County of Los Angeles.
- 4.4 Per Paragraph V of the Financial Exhibit A of LAC-DMH LE Agreement, contract changes, including the shift of funds requests, must be received prior to April 1 of the current Fiscal Year.

### **PROCEDURE**

- 5.1 Contractor may submit a request for the shift of funds on the Financial Summary and/or Subprogram Schedule to their Lead District Chief (LDC) by submitting the following documents:
  - 5.1.1 An official letter to the LDC detailing the request. Contractor's written request will constitute contractors consent for an administrative amendment; Contractor's signature is not required to make the amendment effective.
  - 5.1.2 A Funded Program/Subprogram Reallocation Request Form (Attachment 3).
  - 5.1.3 A current Financial Summary and Subprogram Schedule with the annotation of the request.
- 5.2 Upon receipt of request, the LDC will review and discuss the request with any other service area, Countywide and/or age group District Chiefs whose programs will be affected.
  - 5.2.1 If the request is to accommodate reasonable and normal fluctuations as provided in Section 4.1, LAC-DMH will prepare an administrative amendment to shift CGF included in the Financial Summary between Funded Program and/or Subprogram Amounts and/or MHSA funds included in the Financial Summary between Funded Program and/or Subprogram Amounts that do not impact the MCA.



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5.2.1.1 The LDC will complete and forward a Service Request Form (Attachment 4) to the Financial Services Bureau to initiate the administrative amendment process.

5.2.1.2 LAC-DMH will prepare an administrative amendment for shift request that does not increase/decrease the MCA.

5.2.2 If the request is for a program change and requires an approval as provided in Sections 4.2 and 4.3, the LDC in concert with the other District Chiefs will approve or deny the request and inform the Contractor of that decision by an official Letter of Approval/Denial within 30 business days of the receipt of the official request.

5.2.2.1 If the request is approved, the LDC will complete and forward a Service Request Form to the Financial Services Bureau to initiate the amendment process.

5.2.2.2 LAC-DMH will prepare an administrative amendment for shift request that does not increase/decrease the MCA.

5.2.2.3 LAC-DMH will prepare a formal amendment for shift request that increases/decreases the MCA and if applicable, include State and Federal leveraged dollars as applicable with State, Federal, and County guidelines. The increases/decreases will be subject to review and approval by LAC-DMH, Chief Executive Office, County Counsel, and the Board of Supervisors, if applicable.

### **ATTACHMENTS (Hyperlinked)**

1. [Financial Summary](#)
2. [Financial Summary Subprogram Schedule](#)
3. [Legal Entity Funded Program/Subprogram Reallocation Request Form](#)
4. [Service Request Form](#)

### **AUTHORITY**

42 CFR §433.51, Funds from units of government as the State share of financial participation.

### **RESPONSIBLE PARTY**

LAC-DMH Office of the Financial Director